

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY
Caption in Compliance with D.N.J. LBR 9004-1(b)

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<p>In re: BLOCKFI INC., <i>et al.</i>, Debtors.¹</p>	<p>Chapter 11 Case No. 22-19361 (MBK) Jointly Administered</p>

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: BlockFi Inc. (0015); BlockFi Trading LLC. (2487); BlockFi Lending LLC (5017); BlockFi Wallet LLC (3231); BlockFi Ventures LLC (9937); BlockFi International Ltd. (N/A); BlockFi Investment Products LLC (2422); BlockFi Services, Inc. (5965) and BlockFi Lending II LLC (0154). The location of the Debtors' service address is 201 Montgomery Street, Suite 263, Jersey City, NJ 07302.

APPLICATION FOR ORDER SHORTENING TIME AND CERTAIN OTHER RELIEF

The applicant, the Official Committee of Unsecured Creditors (the “Committee”) of BlockFi Inc., (“BlockFi” or the “Debtor”), by and through its counsel, having filed substantially contemporaneously with this Application a motion pursuant to 11 U.S.C. § 107(b), Fed. R. Bankr. P. 9018 and D.N.J. LBR 9018-1 (the “**Motion to Seal**”) (discussed further below), hereby requests that the time period for the Motion to Seal ordinarily required by D.N.J. LBR 9013-2(a) be shortened pursuant to Fed. R. Bankr. P. 9006(c)(1), and that an order be entered substantially in the form submitted herewith (the “**Order Shortening Time Period for Notice, Setting Hearing and Limiting Notice**”), for the reasons set forth below:

1. Friday evening, the Debtors filed with this Court a new proposed Plan and a new proposed Disclosure Statement.² Obviously, the Court has not approved the Disclosure Statement or any other solicitation documents/procedures; the objection deadline and hearing on the proposed Disclosure Statement are weeks away. And, yet, simultaneously with these filings, the Debtors filed and immediately posted on Twitter and published on their website an open letter to creditors arguing why they should vote in favor of the Plan.³ This was accompanied by self-styled “FAQs” that say things like this: “We strongly recommend that you vote to accept the plan. Our plan

² *First Amended Joint Chapter 11 Plan of BlockFi Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 875] (the “Plan”); *Disclosure Statement Relating to the First Amended Joint Chapter 11 Plan of BlockFi Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 874] (the “Disclosure Statement”).

³ *A Letter to Creditors* [Docket No. 873] (the “Plan Solicitation Letter”); Axelrod Declaration (attached as Exhibit “B” to the Motion) Exhibit 1 (selection from <https://blockfi.com/chapter-11-disclosure-statement-faq>, retrieved May 13, 2023, at 7:43 a.m. EST, the “FAQs”); Axelrod Declaration Exhibit 2 (Twitter thread regarding the Plan, Disclosure Statement and FAQs, posted May 12, 2023, the “Twitter Thread”). Notably, the docket entry for the Plan Solicitation Letter reads “Document re: Letter to Creditors in Support of Plan.” The CM/ECF system for the NJ Bankruptcy Court allows for the filer to insert a description of the “Document” being filed, meaning that Debtors’ counsel knowingly described the filing as a letter urging creditors to support the Plan.

maximizes recovery for BlockFi clients and provides for the quickest possible distributions to clients, while allowing us to wind down in an orderly fashion.”⁴

2. In an attempt to mitigate the irreparable harm caused by the Debtor’s improper solicitation of the Plan, the Committee filed on May 15, 2023 an *Emergency Motion of the Official Creditors Committee Requesting an Order Remedying the Debtors’ Improper Plan Solicitation in Violation of Bankruptcy Code Section 1125(b)* [Docket No. 895] (the “**Committee’s Emergency Motion**”).

3. In addition, in connection with the Committee’s Emergency Motion, the Committee also filed on May 15, 2023 the *Statement of the Official Committee of Unsecured Creditors Respecting the Debtors’ Amended Joint Chapter 11 Plan* [Docket No. 899] (the “**Committee’s Statement**”). The Committee’s Statement includes references to documents provided by the Debtors to the Committee designated as confidential pursuant to the *Confidentiality Stipulation and Protective Order* [Docket No. 498] (the “**Protective Order**”) entered in this case, which references have been redacted, necessitating a motion to seal, which also was filed on May 15, 2023 [Docket No. 900].

4. On May 16, 2023, the Court entered an *Order Shortening Time Period for Notice, Setting Hearing and Limiting Notice* [Docket No. 903] with respect to the Committee’s Emergency Motion and an *Order Shortening Time Period for Notice, Setting Hearing and Limiting Notice* [Docket No. 904] with respect to the motion to seal filed with respect to the Committee’s Statement. A hearing on those matters has been scheduled for May 18, 2023 at 11:30 a.m.

5. Prior to the filing of this Application, the Committee filed the *Declaration of Tristan Axelrod in Connection with Statement Respecting Plan* (the “**Axelrod Declaration**”).

⁴ FAQs.

Because the Axelrod Declaration has attached to it as exhibits documents designated by the Debtors as confidential or containing confidential information pursuant to the Protective Order, substantially contemporaneously therewith, the Committee filed a motion to seal the entire Axelrod Declaration along with all of the exhibits thereto (the “**Motion to Seal**”).⁵

6. The Committee disagrees with the Debtors’ designations and believe them to be improper. However, for purposes of expediency, so as not to delay the filing of the Axelrod Declaration, which is relevant to the Committee’s Statement, the Committee is, at this time, respecting the Debtors’ confidentiality designations and does not wish to be in contempt of the Protective Order, to the extent applicable. However, all of the Committee’s rights to challenge the Debtor’s confidentiality designations, including, but not necessarily limited to, those rights under the terms of the Protective Order are hereby being expressly preserved.

7. Because the Axelrod Declaration relates to the Committee’s Statement, which itself relates to the Committee’s Emergency Motion, the Committee respectfully requests that the Motion to Seal concerning the Axelrod Declaration be scheduled contemporaneously with those matters currently scheduled for hearing on May 18, 2023 at 11:30 a.m.

8. Reduction of the time period requested by this Application is not prohibited under Fed. R. Bankr. P 9006(c)(2).

⁵ An unredacted version of the Axelrod Declaration was filed immediately after the filing of the Motion to Seal in accordance with this Court’s procedures for electronically requesting that a document be sealed (*see* Process to Electronically Request that a Document be Sealed | United States Bankruptcy Court - District of New Jersey (uscourts.gov)).

WHEREFORE, the Committee respectfully requests that this Court (i) grant the Application, (ii) enter the form of order substantially in the form submitted herewith, and (iii) grant such other and further relief as it deems necessary and appropriate.

Dated: May 16, 2023

GENOVA BURNS LLC

By: /s/ Donald W. Clarke

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